

The Industry That Could..... Build Utah's Economy



For the five years after the energy peak, the economy—and construction industry—suffered job losses. Other things hammering the state's economy that many will remember in the first half of the 1980s were the shutdown and refit of the copper industry in the state, and if that weren't enough, the steel industry suffered its slow demise.

When the state's general economy is going down, so goes most of the demand for building. The state snapped out of its doldrums after a couple of short spikes in the mid-eighties with what has been the longest sustained period of employment growth since 1950. Starting in 1988, employment in the construction industry boomed—in fact, nearly

tripled—from 25,800 to over 70,000 in 1999. Construction employment in the state dipped slightly during our recession in the 2002-2003 period but bounced back to a high of over 72,600 in 2004.

Utah and its economy have evolved from what many viewed as a relatively backwater western state, dependent on natural resources and government, into a vibrant on-the-leading edge economic machine successfully competing in a world market. To do this required great minds, money, timing, and an industry to build the infrastructure to do it all. That's the construction industry.

A Stroll Down Memory Lane

Remember Utah's economy in 1950? I didn't think so. Fifty-five years ago Utah was feeling the impact of the post World War II pent-up demand for virtually every product or good imaginable, including housing for the burgeoning families. They needed places to live, and the construction industry was there to build not only homes, but also commercial and industrial projects as well (see the employment graph).


Employment in the construction industry grew in fits and starts through the Baby Boomer years (1946-1964). Overall employment in construction accelerated in the late 1960s and showed its first peak in 1979 as the state and the nation raced to find more oil and energy-related products.

Job Growth Rates in Construction Bounce All Over

Year-over rates of growth point out the volatility of construction activity (see the growth rate graph). At times, like the 1950s and 1960s, the growth in the industry hit 26 percent—its highest rate to date, between 1954 and 1955, yet it suffered its second-to-lowest drop in jobs (-14 percent) in the 1966-1967 period. The 1990s were the “decade of construction growth.” The industry experienced double-digit job growth in seven of the ten years before the 4-year slowdown in growth started in 2000.

And You Thought Construction Wages were Higher than Average

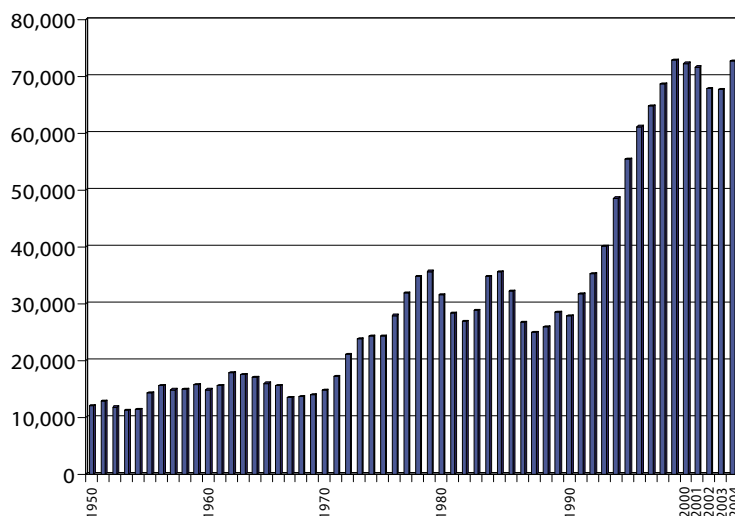
Think again. Historically, the average wage in construction has been above the average for

all jobs. However, since the mid-1970s this advantage has declined. In 1976 the average construction wage was 32 percent higher than the average for all workers in the state. That figure has now declined to where, in 2004, construction wages averaged two percent less than the state all-industry average. The statewide all-industry average monthly wage was \$2,641. That's slightly more than the construction average monthly wage of \$2,589. 

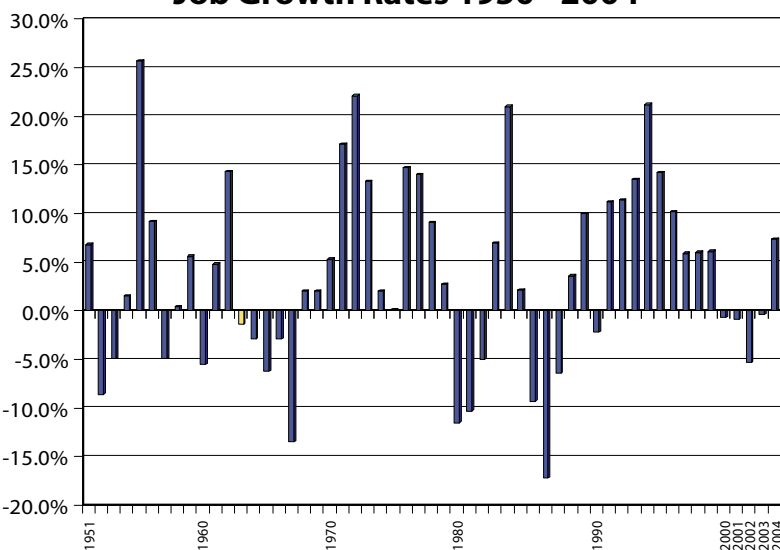
Major construction projects —commercial and industrial— in Utah coming up are:

- Daybreak by Kennecott Land
- \$1 billion
- Legacy Highway
- \$680m
- Commuter Rail
- \$542m
- Jordan Bluffs Mixed Use
- \$500m
- LDS Downtown Rejuvenation
- \$500m
- IHC Medical Center - \$387m
- Currant Creek Power Plant
- \$350m
- Lake Side Gas Power Plant
- \$300m
- Traverse Mountain Mixed Use
- \$300m
- Amangiri Resort & Spa
- \$125m

Utah Construction Employment 1950 - 2004



Utah Construction Year - Over Job Growth Rates 1950 - 2004



More? <http://jobs.utah.gov/opencms/wi/statewide/ifsheets/construction.pdf>
<http://www.business.utah.edu/go/bebr/>